

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7685

BILL NUMBER: HB 1887

NOTE PREPARED: Jan 12, 2003

BILL AMENDED:

SUBJECT: Smart Start Program.

FIRST AUTHOR: Rep. Austin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2003	FY 2004	FY 2005
State Revenues			
State Expenditures		10,000,000	10,000,000
Net Increase (Decrease)		(10,000,000)	(10,000,000)

LOCAL IMPACT	CY 2003	CY 2004	CY 2005
Local Revenues		10,000,000	10,000,000
Local Expenditures			
Net Increase (Decrease)		10,000,000	10,000,000

Summary of Legislation: The bill requires the State Board of Education to adopt rules and develop a plan to establish a State Smart Start Program. It establishes a Smart Start Commission and a Smart Start Fund. The bill requires the Commission, in accordance with the rules adopted by the Board, to decide upon applications from community programs, schools, and school corporations for approval and funding of local school readiness programs. It annually appropriates \$10,000,000 to the Commission from the state Gaming Fund for its use in operating the Smart Start Program and awarding grants to local school readiness programs.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The appropriation from the State Gaming Fund established under the bill would reduce the distribution of Riverboat Wagering Tax revenue to the Property Tax Replacement Fund (PTRF) by \$10 M annually beginning in FY 2004.

The bill establishes the Indiana Smart Start Commission. The commission consists of 11 members: 2 appointed by the Speaker of the House of Representatives, 2 appointed by the President Pro Tempe of the Senate, the Secretary of Family and Social Services, the State Superintendent of Public Instruction, and 5 by the Governor. Commission members who are not state employees are entitled to per diem and reimbursement for travel expenses. Commission members who are legislators are entitled to receive a per diem allowance and travel reimbursement. The current per diem for legislators is \$129, and the current travel reimbursement is \$0.345 per mile. Per P.L. 291-2001, legislator expenses would be paid from the Legislative Council's budget. Schools must submit their plan for Smart Start Program Grants to the Commission for review and approval. Programs similar to the following are eligible for the grants:

1. Head Start under 42 U.S.C. 9831 et seq.
2. Even Start.
3. Transitional kindergarten and Grade 1.
4. Full day kindergarten.
5. Before and after school programs.
6. Early childhood development programs.
7. Developmental services programs for children and families.
8. Other nationally accepted programs that improve school readiness.

The bill appropriates \$10 M annually from the State Gaming Fund to the Smart Start Fund. The Fund is established to administer the Smart Start Program and to provide grants. The appropriation would reduce the annual distribution of Riverboat Wagering Tax revenue from the State Gaming Fund to the PTRF by \$10 M. In turn, this would ultimately reduce the amount available in the PTRF for property tax replacement by \$10 M per year. Under current law, all Riverboat Wagering Tax revenue is deposited in the State Gaming Fund. Money in the State Gaming Fund must first be distributed to several purposes (Gaming Commission administrative expenses, local revenue sharing, and distributions to riverboat communities) before the residual is distributed to the PTRF. Additional transfers to the Build Indiana Fund and for Admission Tax replacement must be made from the revenue distributed to the PTRF. The remainder after these five distributions is available for property tax replacement. Thus, the addition of a \$10 M appropriation will reduce the annual amount available for property tax replacement by \$10 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Local schools would be eligible to receive grants for local school readiness programs.

State Agencies Affected: Department of Education. Property Tax Replacement Fund.

Local Agencies Affected: Local Schools.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825. Jim Landers, 317-232-9869.